GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3526
ANSWERED ON:21.12.2015
Joint Venture between MMTC and NINL
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

a) whether the Metals and Minerals Trading Corporation of India (MMTC) has entered into a joint venture with the Neelanchal Ispat Nigam Limited (NINL);

b) if so, the details thereof along with the progress on NINL since the start of its commercial operations indicating its profits and losses and capacity utilization and the reasons for losses and capital underutilization,if any; and

c) the details of commission earned by MMTC from NINL on procurement of raw materials and marketing its products till date?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)
(a) & (b) Neelachal Ispat Nigam Limited (NINL) is a Joint Venture with the shareholders being Metals and Minerals Trading Corporation (MMTC) (49.78%), Government of Odisha through their two PSUs namely Industrial Promotion & Investment Corporation of Odisha Ltd. (IPICOL) (15.29%) and Odisha Mining Corporation (OMC) (12.32%), National Mineral Development Corporation (NMDC) (12.87%), MECON (0.86%), Bharat Heavy Electricals Limited (0.86%), Financial Institutions/Banks & Others (8.02%). Year-wise details of the performance of Neelachal Ispat Nigam Limited (NINL), since the start of its commercial operations in 2004 in terms of profit and losses and capacity utilization, are as follows:

Year	Profit & Loss (in Rs. crores)	Capacity Utilization (%)
2004-05	106.00	56.02
2005-06	14.74	61.82
2006-07	57.80	62.03
2007-08	120.44	49.15
2008-09	79.23	48.37
2009-10	37.93	65.39
2010-11	(-)173.14	58.45
2011-12	29.45	51.85
2012-13	(-)79.14	48.17
2013-14	(-)147.22	58.69
2014-15	(-)232.67	54.84

Source: MMTC

Since commencement of commercial production in 2004-05 NINL has made profits for 7 years out of total eleven years of its commercial operation. The reasons for losses in recent years are mainly because of severe global recession since 2008-09 particularly in the steel sector leading to reduced demand for steel and allied products. Moreover, global increase in capacity and production has forced down global steel prices leading to more imports into India and low sales realizations for indigenously produced steel. In addition, the ban on mining of iron ore in some areas also led to steep increase in the prices of raw materials as well as inadequate supply of raw materials. The major reason for less capacity utilization is due to delay in commissioning of Steel Melting shop and irregular supply of raw materials.

(c) As per Agreement entered between Metals and Minerals Trading Corporation of India (MMTC) and NINL, MMTC has been earning a trade margin @ 3% from NINL towards facilitation of MMTC's diversified India wide marketing network as well as infrastructural / logistical support for sourcing of essential raw materials like iron ore fines, calibrated lumpy ore, manganese, dolomite, coking coal etc. and marketing of all the finished products and by-products of NINL in the domestic as well as international market. The details of trade margin earned from 2004 till 2014-15 by MMTC against the total investment and other financial support made so far are as below:-

S.No.	Year	Trade Margin (Rs. Crs.)
1.	2004-05	33.24
2.	2005-06	36.05
3.	2006-07	48.12
4.	2007-08	51.80
5.	2008-09	67.32
6.	2009-10	58.04
7.	2010-11	51.23
8.	2011-12	79.77
9.	2012-13	77.85
10.	2013-14	74.14

11. 2014-15 59.39

Source: MMTC
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